

**ESTIMATED BUDGET EFFECTS OF
THE "HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF 2007,"
AS REPORTED BY THE COMMITTEE ON FINANCE**

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
I. Supplemental Agricultural Disaster													
Assistance from the Agricultural Disaster Relief Trust Fund (the authority provided by the provision expires at the same time as the 2007 Farm Bill) [1] [2] [3]													
	DOE	-693	-998	-1,074	-1,137	-1,198	---	---	---	---	---	-5,100	-5,100
II. Conservation Provisions													
1. Provide tax credit for eligible farmland enrolled in Conservation Reserve Program [4] [5] [6] [7].....	tyba DOE	---	-935	-937	-949	-950	---	---	---	---	---	-3,771	-3,771
2. Exclusion of Conservation Reserve Program Payments from SECA tax for individuals receiving Social Security retirement or disability benefits [7].....	pma 12/31/07	[8]	-21	-22	-22	-22	-23	-24	-24	-24	-24	-87	-206
3. Make permanent the special rule for contributions of qualified conservation contributions.....	cmi tyba 12/31/07	-36	-46	-57	-69	-83	-86	-90	-94	-98	-102	-291	-761
4. Provide a tax credit for recovery and restoration of endangered species.....	tyba 12/31/07	-13	-79	-122	-201	-250	-262	-202	-135	-67	-33	-665	-1,364
5. Deduction for endangered species recovery expenditures.....	epoia DOE	-14	-21	-24	-29	-35	-40	-47	-54	-63	-73	-122	-399

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
6. Provide an exclusion for certain payments and programs relating to fish, wildlife, forest protection and pest management.....	pra DOE	-4	-7	-7	-7	-7	-7	-7	-7	-7	-7	-32	-69
7. Provide an option to elect tax credits in lieu of payments under conservation programs:													
a. Wetlands Reserve Program.....	[9]	----- <i>Negligible Revenue Effect</i> -----											
b. Working Grasslands Program.....	[9]	-15	-15	-15	-15	-15	---	---	---	---	---	-75	-75
8. Provide for exempt facility bonds for forest conservation activities.....	[10]	-3	-10	-19	-27	-32	-33	-33	-33	-33	-33	-92	-257
9. Deduction for qualified timber gain and timber REIT provisions (sunset one year after the date of enactment).....	tyba DOE	-173	-102	-17	-14	-12	-6	-2	-2	-2	-2	-318	-332
Total of Conservation Provisions		-258	-1,236	-1,220	-1,333	-1,406	-457	-405	-349	-294	-274	-5,453	-7,234

III. Energy Provisions

1. Credit for wind property - provide 30% credit, capped at \$4,000, for residential and commercial applications of small wind (sunset 12/31/08).....	ea 12/31/07	-2	-3	[8]	[8]	[8]	[11]	[11]	---	---	---	-5	-5
2. Landowner incentive to encourage electric transmission build-out of section 45 facilities (exclusion applies only to payments received related to transmission lines and equipment used to transmit electricity at 230 or more kilovolts).....	pra DOE	-5	-16	-17	-18	-18	-19	-20	-21	-23	-23	-74	-179
3. Modify treatment of certain USDA energy grants/loans used for renewable power facilities.....	fpisa DOE	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-6	-14
4. Expansion of special depreciation allowance for cellulosic biomass ethanol plant property..	[12]	---	-1	-1	-1	-2	---	1	1	1	1	-4	-1
5. Small producer credit for up to 60 million gallons of cellulosic alcohol fuel production (sunset 4/1/15).....	apa 12/31/07	---	-2	-24	-94	-162	-243	-339	-208	-6	---	-282	-1,079

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
6. Extend for two years the small ethanol producer credit (sunset 12/31/12).....	DOE	---	---	---	-15	-43	-41	-28	-30	-15	---	-57	-172
7. 25 cent small producer credit for fossil-free producers of alcohol (sunset 12/31/12).....	apa 12/31/07	-9	-18	-35	-70	-110	-36	---	---	---	---	-242	-278
8. Modification of the incentives relating to alcohol fuels (VEETC).....	DOE	---	294	438	121	---	---	---	---	---	---	854	854
9. Exclude volume of denaturants from the alcohol fuels credit.....	fsoua 12/31/07	59	91	102	32	---	---	---	---	---	---	284	284
10. Extension of temporary duty on ethyl alcohol through 12/31/10 [1] [13].....	DOE	---	9	13	3	---	---	---	---	---	---	25	25
11. Elimination of certain refunds of duty imposed on ethanol [1].....	[14]	6	1	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	8	10
12. Extend for two years the \$1.00 and 50 cent production credits for biodiesel (sunset 12/31/10) and extend for four years the 10 cent credit for small agri-biodiesel producers (sunset 12/31/12), add camelina to the nonexclusive list of sources for agri-biodiesel.	DOE	---	-84	-128	-42	-10	-3	---	---	---	---	-264	-267
13. Extension and modification of renewable diesel incentives (sunset 12/31/10).....	DOE & fsoua DOE	25	-59	-132	-44	---	---	---	---	---	---	-211	-211
14. Treatment of qualified fuel mixtures as taxable fuel with additional reporting requirements.....	freosa 12/31/07	4	1	1	1	1	-6	---	---	---	---	8	2
15. Extension and modification of alternative fuels excise tax credit, including CTL, and additional CO2 sequestration for CTL (sunset 12/31/10 for non-hydrogen fuels)	DOE & fsoua DOE	[8]	[8]	-267	-65	---	---	---	---	---	---	-332	-332
16. Extension of credit for installation of alternative fuel refueling property (sunset 2010 for non-hydrogen refueling property).....	DOE	---	---	-49	-42	-15	-11	-7	[8]	2	2	-107	-119
Total of Energy Provisions		77	212	-100	-235	-360	-360	-394	-259	-42	-21	-405	-1,482

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
IV. Agricultural Provisions													
1. Qualified small issue bonds for farming - increase loan limit from \$250,000 to \$450,000 and index; and eliminate the dollar limitation in definition of substantial farmer....	bia DOE	[8]	[8]	-1	-1	-2	-2	-3	-3	-4	-4	-4	-19
2. Modification of installment sale rules for certain farm property.....	sa DOE	-8	-31	-30	-29	-28	-27	-25	-24	-23	-22	-125	-246
3. Allowance of section 1031 treatment for exchanges involving certain mutual ditch, reservoir, or irrigation company stock.....	eca DOE	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-1	-2
4. Credit to holders of rural renaissance tax credit bonds.....	bia DOE & bio/b 12/31/08	-6	-18	-23	-22	-20	-19	-17	-16	-14	-13	-89	-168
5. Agricultural business security tax credit.....	DOE	-2	-3	-3	-3	-3	-1	[11]	[11]	[11]	[11]	-14	-14
6. Credit for drug safety and effectiveness testing for minor species	eia DOE	-1	-5	-9	-12	-13	-15	-15	-16	-16	-17	-41	-121
7. Reduce the recovery period for certain farming business machinery or equipment from seven to five years (sunset 12/31/09).....	ppisa DOE	-160	-327	-383	-320	-287	-62	415	652	390	82	-1,477	[15]
8. Expensing of broadband internet access expenditures (sunset 12/31/10).....	eia DOE	-117	-175	-234	28	98	76	67	62	64	58	-399	-72
9. Provide a tax credit for purchase of qualified energy efficient motors that meet or exceed energy standards (sunset 36 months after date of enactment).....	eempisa DOE	-17	-33	-44	-27	-11	-6	-1	4	4	2	-132	-129
Total of Agricultural Provisions		-311	-592	-727	-386	-266	-56	421	659	401	86	-2,282	-771
V. Revenue Raising Provisions													
A. Miscellaneous Revenue Provisions													
1. Limitation on farming losses of certain taxpayers.....	tyba 12/31/07	40	64	60	59	56	51	44	35	27	19	279	456
2. Increase and index dollar threshold for farm optional method and nonfarm optional method for computing net earnings from self-employment [7].....	tyba 12/31/07	5	10	10	11	11	11	12	13	13	14	46	110

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Information reporting for Commodity Credit Corporation transactions.....	Iro/a 1/1/07	----- No Revenue Effect -----											
4. Modification of section 1031 treatment for certain real estate.....	eca DOE	3	3	2	2	2	2	3	3	3	3	12	27
5. Modify the effective date for the application of the AJCA 2004 leasing (SILO) provision - apply loss limitation to leases with foreign entities regardless of when the lease was entered into.....	tyba 12/31/06	2,680	896	407	290	288	260	135	-239	-629	-854	4,561	3,235
6. Increase by 7.00 Percentage Points the Required Corporate Estimated Tax Payments Factor for Corporations with Assets of at Least \$1 Billion for Payments Due in July, August, and September 2012.....	DOE	---	---	---	---	4,336	-4,336	---	---	---	---	4,336	---
7. Ineligibility of collectibles for nontaxable like kind exchange treatment.....	eca DOE	3	20	20	20	17	18	19	19	20	20	79	175
8. Denial of deduction for certain fines, penalties, and other amounts.....	apoio/a DOE	62	31	15	15	15	15	15	15	15	15	137	210
9. Increase information return penalties.....	irrtbfo/a 1/1/08	---	---	35	85	83	82	81	81	79	78	202	603
B. Economic Substance Doctrine													
1. Clarification of economic substance and related penalties.....	teia DOE	397	645	755	870	1,017	1,189	1,231	1,260	1,300	1,348	3,684	10,012
2. Denial of deduction for interest paid on certain tax motivated transactions.....	teia DOE	---	---	1	3	4	5	6	7	8	9	8	43
Total of Revenue Raising Provisions		3,190	1,669	1,305	1,355	5,829	-2,703	1,546	1,194	836	652	13,344	14,871
NET TOTAL		2,005	-945	-1,816	-1,737	2,599	-3,576	1,168	1,245	901	443	104	284

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be December 1, 2007.

[Legend and Footnotes for the Table appear on the following page]

Legend and Footnotes for the Table:

Legend for "Effective" column:

apa = alcohol produced after
 apoio/a = amounts paid or incurred on or after
 bia = bonds issued after
 bio/b = bonds issued on or before
 cmi = contributions made in
 DOE = date of enactment
 ea = expenditures after
 eca = exchanges completed after

eempisa = energy efficient motors placed in
 service after
 eia = expenses incurred after
 epoia = expenditures paid or incurred after
 fpisa = facilities placed in service after
 freosa = fuels removed, entered, or sold after
 fsoua = fuel sold or used after
 irrtbfo/a = information returns required to be
 filed on or after

lro/a = loans repaid on or after
 pma = payments made after
 ppisa = property placed in service after
 pra = payments received after
 sa = sales after
 spa = services performed after
 teia = transactions entered into after
 tyba = taxable years beginning after

[1] Estimate provided by the Congressional Budget Office and is preliminary and subject to change.

[2] Reduction in funds available to the general fund of the U.S.

Government. The proposal will also result in an increase in outlays of the following amounts.....	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2008-12</u>	<u>2008-17</u>
	868	988	1,030	1,043	1,055	81	---	---	---	---	4,982	5,064

[3] Estimate provided by the Congressional Budget Office and includes clarification of the definition of farm-raised fish to include the propagation and rearing of aquatic species in controlled or selected environments and the expansion of the definition of livestock to include horses. The Congressional Budget Office also estimates that the provision will have a negligible effect on outlays.

[4] Tax credits would be excludable from income for income and SECA tax purposes.

[5] The proposal will also result in a decrease in outlays of the following amounts.	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2008-12</u>	<u>2008-17</u>
	---	750	750	750	750	---	---	---	---	---	3,000	3,000

[6] Estimate includes a reduction in SECA taxes of \$425 million over the fiscal years 2008 through 2012.

[7] Revenue estimate does not include any resulting effects on Social Security and Medicare outlays. These will be estimated by the Congressional Budget Office.

[8] Loss of less than \$500,000.

[9] Effective for easements granted after September 30, 2007, in taxable years ending after such date.

[10] Effective for obligations issued on or after the date which is 180 days after the enactment of this Act.

[11] Gain of less than \$500,000.

[12] Effective for property placed in service after the date of enactment in taxable years ending after the date of enactment.

[13] The estimate contains interaction with the provision to eliminate certain refunds of duty imposed on ethanol.

[14] Effective for goods exported on or after the date that is 15 days after the date of enactment.

[15] Negligible revenue effect